

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
 1594 West North Temple - Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801
 Telephone: (801) 538-5291
 Fax: (801) 359-3940

LARGE MINING OPERATIONS PROGRESS REPORT
January 1, 2010 to December 31, 2010

The information required in this form is based on provisions of the Mined Land Reclamation Act, Title 40-8, and the R647 rules under the Utah Minerals Regulatory Program.

1. Mine Permit Number: M/47/007
2. Mine Name: Vernal Phosphate Operations
3. Name of Operator/Permittee: Simplot Phosphates LLC

Note: If Operator's address, company representative or phone number have changed, please provide a replacement page for the Notice of Intention together with form MR-REV available on the Division's web page at https://fs.ogm.utah.gov/pub/mines/minerals_related/forms/MR-REV.pdf.

4. Report the gross amount of ore mined and waste moved:

Gross Ore Mined 3,913,000 Tons, or _____ yd³
 Waste Material Moved _____ Tons, or 5,713,816 yd³

5. Disturbance at the end of 2009 1,097.2 Acres
 New Disturbance Created during 2010 85.0 Acres
 Area Reclaimed and Fully Released during 2010 3.3 Acres
 Total Disturbed Area at the end of 2010 1,185.5 Acres*
 Permitted/Bonded Acreage 1,325.9 Acres
 *The total disturbed area should not be greater than the permitted/bonded acreage

6. Briefly describe the reclamation work performed during the past year. (Submit form MR-SITE (https://fs.ogm.utah.gov/pub/mines/minerals_related/forms/MR-SITE.pdf) to apply for full or partial bond/site release). Attach additional sheets if needed.
See Attached sheet for description of reclamation work.

7. For large mines, include an updated map depicting surface disturbance and reclamation performed during the year (Rule R647-4-105).

I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief.

Name (Typed or Print): Mark Krall
 Title of Operator: Mine Manager
 Signature of Operator: *Mark A. Krall*
 Date: 2/7/11

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DIV. OF OIL, GAS & MINING

6. *Briefly describe the reclamation work performed during the past year. (Submit form MR-SITE (https://fs.ogm.utah.gov/pub/mines/minerals_related/forms/MR-SITE.pdf) to apply for full or partial bond/site release). Attach additional sheets if needed.*

2010 Description of Reclamation Work Performed

In 2010, we changed part of our mining operations procedures. In order to optimize the drilling and blasting and overall mining operations we went from a two phase, two bench stripping operation to a one step, one bench stripping operation. Past procedures were to drill and blast the top 65 ft of overburden and remove it with a truck/shovel fleet. Then the second step was to repeat the drilling and blasting on the bench created by the truck/shovel operation and remove this material with the dozer fleet. Cast blasting was only utilized on this lower bench.

We've gained a lot of efficiencies by going to the one step, one bench stripping operation. The drills only need to setup once to drill the 110' of overburden cover. Blasting on the higher bench greatly improves the cast blasting benefit. We cast blast all the overburden versus the bottom bench only. The cast benefit is also increased due to the angle drilling packages on our overburden drills. Via these improvements, we now move an extra 15% plus material that the truck/shovel or dozer fleet will never have to touch. The next change in procedures is that we moved the dozer fleet to the top of the cast profile and they remove approximately the top half of the remaining overburden. The truck/shovel fleet finishes stripping all the overburden that remains after cast blasting and after the dozer stripping operations.

This change in mining operations has changed the footprint of the current mining operations. The truck dumps are pushed further to the south and are now overlapping onto the reclaimed areas from previous pits mined using the old procedures. Because of this enlarged footprint of current operations, our reclamation numbers are smaller this year. To help avoid performing reclamation work that is going to be covered by the next truck dump, we needed to advance our pits one cut using the new mining to determine approximately where that new reclamation line falls out. We have now completed that complete cut and concurrent reclamation will continue as it has in the past with consideration for the larger current mining footprint.

Keeping in mind this change in mining operations procedures, this past year we only fully reclaimed 3.3 acres in Panel B and we regraded an additional 24.2 acres in throughout Panel B and Trout Springs. This past year we also relocated our explosives to one central location that is closer to the current mine operations area. We moved the explosives magazines from one area and the water gel trailers from another and the ammonium nitrate silos from still a third area into a centralized, secure explosives compound area. This required disturbance of an area that had been fully reclaimed last year.

In the spirit of optimizing operations, we build a new hot start that is half a mile closer to the active pit. This activity also took away acres that could have been reclaimed this year. In addition, we built a few roads in preparation for opening up new areas and accessing our GPS repeater radio sites; we also developed drill ramps in some steep terrain that we didn't want to be working on in the winter months due to safety concerns; all these activities increased our footprint this year.

Our total mining disturbance for 2010 totaled 43.6 acres, but we found an error in the disturbed acreage accounting from previous years. We are leaving the disturbance at the end of 2009 the same as reported last year during our and including the error in the 2010 disturbance. There is a total of 41.4 acres that had been disturbed and partially reclaimed that were left out of the total disturbed acreages value.



SIMPLOT PHOSPHATES LLC
(435) 789-7795

9401 NORTH HWY. 191

VERNAL, UTAH 84078

January 28, 2011

Vickie Southwick
Executive Secretary
Minerals Reclamation Program
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Annual Report for the Year 2010

Dear Vickie Southwick,

Please find enclosed the Annual Report for Simplot Phosphates' Vernal Operations for the year 2010 as required by Rules R647-4-104 and R645-4-121. Enclosed are two copies of the map showing the reclamation and surface disturbances as required by item number 7. This map also shows the projected disturbance for the next 2 years.

If you have any questions or concerns, please contact me at (435) 781-3348.

Sincerely,

John Spencer
Environmental / Senior Mining Engineer
Simplot Phosphates LLC
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Vernal, UT 84078
Ph (435) 781-3348
Fax (435) 781-3332
john.spencer@simplot.com

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